

Questions & Answers

RECREATION RESIDENCES

ELDORADO NATIONAL FOREST



The Eldorado National Forest is in the process of implementing the 2012 Cabin User Fee Fairness Act (CUFFA) appraisals prepared for recreation residence lots on the Forest. Below are some commonly asked questions regarding the appraisal process and how it will affect your fees.

Appraisals:

What is the status of the appraisals?

The most recent **appraisal reports** have been completed and the **appraisal reviews** have been approved for each typical lot within each recreation residence tract across the Eldorado National Forest. A copy of the appraisal review report, which shows the appraised value of the typical lot, has been mailed to each permit holder. This appraised value is used to establish a base fee for the lot authorized for use as a recreation residence, beginning with the issuance of the bill for collection for calendar year (CY) 2014.

What is a Forest Service recreation residence appraisal report?

An appraisal report is prepared by a private appraiser under contract to the Forest Service to determine the market value of the fee simple estate of typical lot or lots located within a recreation residence tract. The typical lot is appraised as if vacant and in its native and natural state, less any permittee provided improvements. However, access, utilities, or facilities paid for or provided by the Forest Service or a third party are included as features of the lot being appraised. The appraisal is used by the Forest Service to determine the base cabin user fee required by CUFFA.

What is an appraisal review?

An appraisal review is completed by a Forest Service Review Appraiser. It is a technical review of appraisal reports submitted by contracted appraisers to judge the appraisal report's compliance with Uniform Appraisal Standards for Federal Land Acquisitions, the

Uniform Standards of Professional Appraisal Practice, CUFFA, and specific project specifications, to develop a credible opinion of the adequacy of the data and appropriateness of the analysis of the data relative to the final value conclusions.

What is a Typical Lot?

For appraisal purposes, a typical lot is a recreation residence lot in a tract that is identified as being representative of other recreation residence lots within the tract. All recreation residence lots represented by a typical lot shall be characterized as a group for appraisal purposes. A tract may have one or more groups of lots, with each group represented by a typical lot. The letter sent to each permit holder identifies the typical lot that represents their authorized lot.

How do I get a copy of the typical lot appraisal?

Upon written request, a copy of the typical lot appraisal report and other supporting documentation, if any, will be provided to you. Please send your request to the Ranger District in which your recreation residence is located.

Where can I get a copy of CUFFA?

A copy of CUFFA is available for review at http://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb5133632.pdf

Regulations for implementing CUFFA are found at <http://www.fs.fed.us/specialuses/>

Will there be an opportunity to have a second appraisal?

Yes. You, and the group the typical lot appraisal represents, will have one year after receipt of the

notice of approval of the typical lot appraisal to have prepared a second appraisal, at your expense, for Forest Service review using the same date of value as used in the original appraisal report. If you intend to obtain a second typical lot appraisal (“second appraisal”), you must **notify the District Ranger in writing within 60 days** after your receipt of the notice of appraisal acceptance. The Forest Service Review Appraiser will need to approve the selection of an appraiser for the second appraisal, and will issue instructions exactly as issued to the first appraisal contractor. Second appraisal requests received after 60 days will not be considered.

Are costs shared with Forest Service?

No. The costs for any second appraisals conducted for the 2012 appraisals will be incurred by the permit holder(s).

If one individual requests a second appraisal for their typical lot, do all benefit who share that typical?

If the second appraisal is approved at a lower value than the original, all lots that are represented by that typical lot will be affected. The Ranger will make a decision on a fee based upon the information in the two appraisal reports.

What is the appraisal date and are there plans for adjustment based on the recent economic downturn?

The date of value varies for different tracts, but all are valued as of July through September, 2011. This date is tied to the 10 year reappraisal cycles as described in CUFFA. Whether the market has declined or increased over the past year or so is not relevant to the assignment. The appraisal cycles are set by legislation to occur every 10 years. The permit holder will need to endure the benefits or loss associated with an old appraisal until the next 10 year cycle. The volatility seen in the residential housing market is usually not as pronounced in the vacant rural land market. During the years of real estate value growth, the Forest Service did not reappraise lots to capture possibly higher values.

Who decided the typicals?

For the most part, the same typical lots were used from the last appraisal completed in 2000. Additional changes were primarily made based upon reasonable requests made by the permit holders. For the most part, requests for any changes and additions to typical lots were granted. The absolute final decision for typical lot selection is made by the Forest Supervisor with input from the Review Appraiser and Forest staff.

What are the range of values throughout the forest; low to high?

\$15,000 to \$67,500

Did the Forest Service take into account any sales of local recreation residence cabins into the appraisal?

No. The appraisal assignment is to value the vacant lot that is under permit. Cabin sales within the tract are the sale price of just the structure with no land component.

Were any of the comparable sales dated within the last 6 months?

Yes. Overall, sales data ranged from October 2003 to February 2012. There was actually one sale that was dated a few months after the date of value (February 2012). The appraiser used this sale to lend credibility and substantiate the appraiser’s decision on time adjustment and to derive a market adjustment for lake amenity/water influenced lots. Older sales were primarily used to reflect the changes in the market due to time or to reflect a particular factor, ie. highway frontage.

How can you compare someone with a right to a cabin with a private lot?

Permit restrictions are not considered in the appraisal of the typical lot, as it is treated as privately owned lot held in fee simple for the appraisal process. Section 606 of CUFFA requires the Secretary to “establish an appraisal process to determine the market value of the fee simple estate of a typical lot or lots considered to be in natural native state, subject to”

....adjustments for access and utilities provided by various parties. Section 607 of the Act states: “(a) IN GENERAL- The Secretary shall establish the cabin user fee as the amount that is equal to 5 percent of the market value of the lot, as determined in accordance with section 606, reflecting an adjustment to the typical market rate of return due to restriction imposed by the permit, including—

- Limited term of the authorization
- Absence of significant property rights normally attached to fee simple ownership
- Public right of access to, and use of, any open portion of the lot on which the cabin or other enclosed improvements are not located.

If my cabin was a typical, why was the neighboring cabin appraised at a lesser value?

Only the typical lots were appraised and assigned a value. Fees for other lots will be based on the appraised value of the typical lot that represents them. The neighboring lot may be in a different lot grouping.

If the appraisal value is based on vacant/undeveloped land then how were the amenities taken into account?

The appraisal value is based upon the market value of the lot only, excluding cabin owner-provided improvements. However, access, utilities, or facilities paid for or provided by the forest service or a third party are included as features of the lot being appraised. If the lot had an amenity such as a view or water feature, it would be reflected in the comparable sales that were used. The same is true to reflect negative attributes such as noise or being next to a campground, etc.

CUFFA states in SEC. 606. APPRAISALS:

(a) REQUIREMENTS FOR CONDUCTING APPRAISALS- In implementing and conducting an appraisal process for determining cabin user fees, the Secretary shall--

(1) complete an inventory of improvements that were paid for by--

- (A) the agency;
- (B) third parties; or
- (C) cabin owners (or predecessors of cabin owners),

during the completion of which the Secretary shall presume that a cabin owner, or a predecessor of the owner, has paid for the capital costs of any utility, access, or facility serving the lot being appraised, unless the Forest Service produces evidence that the agency or a third party has paid for the capital costs.

Private landowners can make improvements but as Recreation Residence permit holders, we have no control; how is this considered? How are the two comparable for this process?

Section 607 of CUFFA states: “(a) IN GENERAL- The Secretary shall establish the cabin user fee as the amount that is equal to 5 percent of the market value of the lot, as determined in accordance with section 606, reflecting an adjustment to the typical market rate of return due to restriction imposed by the permit, including—

- Limited term of the authorization
- Absence of significant property rights normally attached to fee simple ownership
- Public right of access to, and use of, any open portion of the lot on which the cabin or other enclosed improvements are not located.

The two factors are not comparable, however it falls under the “Absence of significant property rights normally attached to fee simple ownership.” It is considered as part of the 5% fee determination; not in the appraisal.

Appraisal factors include lake front/ lake view etc... did proximity to detrimental factors get included?

Absolutely. These factors were included in the comparable sales that were selected and in the appraiser’s analysis of the data.

Fees:

What does “new base fee” mean? How is it calculated?

The base fee for a recreation residence special-use permit is 5 percent of the market value of the recreation residence lot as determined by appraisal. The base fee is recalculated at least every 10 years, per CUFFA. Each year following establishment of the new base fee, the annual fee

is adjusted the using the Implicit Price Deflator-Gross National Product (IPD) adjustment factor.

Where did 5% come from?

The Cabin User Fee Fairness Act (CUFFA) states the fee is 5% of the land value. Since the 5% is now part of legislation, it will take additional legislation to have it possibly changed.

Is the 5% unique to the Eldorado Forest?

No, the 5% of appraised lot value is a nationwide fee structure.

What was the rate prior to the 5%?

The 5% of appraised lot value has been in place since the 1970's. CUFFA continued this rate, but required additional considerations in the appraisal procedure.

You say the 5% accounts for the "restrictions" on the permit... what factors go into the 5%?

Restrictions include:

- Limited term of the authorization
- Absence of significant property rights normally attached to fee simple ownership
- Public right of access to, and use of, any open portion of the lot on which the cabin or other enclosed improvements are not located.

What is the IPD? How do the 5% and the IPD relate? How is it used?

IPD stands for Implicit Price Deflator and is based on the Gross National Product. The IPD serves as an index to account for inflation on an annual basis. The IPD rate is annually applied to the previous year's fee to adjust the fee to reflect inflation and other factors until the next round of appraisals determines the value of your lot once again. As described above, the "base fee" is 5% of the appraised typical lot value,

Where does the money go that is collected each year in the form of recreation residence special use fees?

Fees collected for recreation residence uses are deposited directly into the U.S. Treasury, except for 25% that goes to the counties for roads and schools.

The Forest Service has no authority to retain any part of these fees for administrative or management purposes.

When will the new fees go into effect?

The new fees will go into effect with the Calendar Year 2014 billing.

Will my new fee be phased in?

If your fee is more than a 100% increase over the 2013 bill, the increase will be phased in over three years.

Will the 2012 fee calculation be retroactive?

No, the new fees associated with your 2012 appraisal will be implemented in 2014.

Are my property taxes going to increase now that I have a higher appraisal value?

The "possessory interest tax" may increase, however that is under the jurisdiction of the County.

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